



Special Focus: Residential Wood Framing



How to comply with workers' compensation requirements

This information sheet is part of a special program at the Department of Labor and Industries to increase compliance with laws on workplace safety and workers' compensation insurance in the residential-wood-framing industry.

What is the purpose of workers' compensation insurance (also known as industrial insurance) in Washington?

It provides relief for workers injured on the job. It is a no-fault insurance established by the Legislature in the early 1900's and administered by L&I. No civil actions are taken against an employer for any injury occurring on the job. All work-related injuries and occupational illnesses are covered for all approved medical, hospital and related services for treatment and recovery. Wage-replacement payments are provided if the worker is temporarily unable to work as a result of an industrial injury or occupational illness.



Do I need to have workers' compensation insurance?

Nearly all employers are required have this insurance for their workers. You are considered an employer and must provide insurance coverage if you directly supervise and control the work of the subcontractor. Examples of that direction and control are setting the hours of work, offering training and providing the necessary tools and equipment.

Independent contractors work on my job. Do I still need to provide coverage?

You must have workers' compensation insurance for any individual or subcontractor you hire unless all six of the following conditions are met:

- The person you hire is free from the kind of direction and control mentioned above;
- The service is outside of the usual course of your business, *or* the services are performed outside of all places of your business, *or* the individual supplies the principal place of business from which the work is performed;
- The individual has his or her own business. For example, the individual has other clients, a significant investment in the business, advertises to the public, has an active business prior to the current contract, could suffer a loss in performing the contract, or has his or her own principal place of business which is eligible for a business deduction with the IRS;
- The IRS considers the individual to be an independent contractor rather than an employee;
- The individual has an active account with the Department of Revenue;
- The individual keeps a separate set of records for business income and expenses.

Remember, all six of the conditions above must be met or the individual or subcontractor is considered to be a worker under Industrial Insurance rules.

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How do I open a workers' compensation account?

Washington law requires employers to purchase the insurance through L&I or be certified as a self-insured employer. In either case, you must complete a master application to obtain the insurance. That form is available from L&I, Employment Security, the Department of Revenue, the Department of Licensing Master License Service, or the corporations division of the Secretary of State's office. The form also is available at www.wa.gov/dol/bpd/buslic.htm. After L&I opens your account, you will receive instructions on how to report and pay premiums.

How will my rates be determined?

Washington law requires L&I to have a classification system. It is an objective method of collecting premiums to pay benefits of workers injured on the job. L&I's plan has more than 300 classifications to achieve a fair method of distributing the risk among insured employers. L&I assigns classifications based on the nature of the work occurring at your business, such as wood-frame carpentry, interior-finish carpentry or roofing. If you have been assigned multiple classifications, take special care in maintaining your records.

What records do I need to keep?

Washington law requires employers to keep adequate records to facilitate the determination of premiums due for their covered workers. Employers must record such things as the name of each worker, their Social Security numbers, the beginning and ending dates of employment, and the basis upon which wages are paid. Once you open an account, you'll receive additional information about record keeping.

How often do I need to report to L&I?

Most employers report and pay premiums every three months. You will report the total time each employee performed work and all periods of mandatory presence at the worksite. The report will be a summary of all hours worked in each classification. Original timecard or time-book entries must support your reporting. In September, employers will have the option to file and pay industrial insurance on the Internet.

How do I get more information?

For more information about L&I's special focus on residential wood framing, call any of these numbers, then press "0" to speak to a customer-service specialist:

- Everett, 425-290-1300
- Seattle, 206-281-5400
- Spokane, 509-324-2600
- Tacoma, 253-596-3800
- Tumwater, 360-902-5799
- Yakima, 509-454-3700

You may also call any of L&I's 22 offices across the state or visit www.lni.wa.gov.

What should I do about other companies who I know don't have accounts with L&I?

You pay the cost of fraud in lost dollars on lost jobs, lost wages, lower profits, lower wages, lower benefits, higher costs for premiums and higher costs for services. To report fraud, call our hotline at 1-888-811-5974, or visit www.lni.wa.gov/fraud.

Published by the Department of Labor and Industries, Aug. 8, 2001. This information doesn't replace requirements in the Revised Code of Washington (RCW). Please refer to the applicable RCWs to determine if you are in compliance.